

NEWSLINE

Savings Plus Program

1st Quarter 2003

Understand Your Investments – Cash/Stable Value

Many participants are puzzled by the array of investments offered by Savings Plus. Savings Plus offers investment choices which fall into one of the three asset allocation categories: Cash/Stable Value, Bonds, and Stocks.

In this article, the first of a series for 2003, we'll explain a bit more about the Cash/Stable Value funds. They include the Savings Pool and Hartford Money Market HLS Fund, classified as Cash, and the VALIC Fixed-Interest Option and Dwight Asset Management GIC Fund, classified as Stable Value. All four of these funds share some common features.

- Their objective is to preserve your principal investment.
- Historically they are low risk in comparison to bonds or stocks.
- They provide a modest rate of return over long time frames (5-10 years and greater).
- They provide balance and diversification to your overall asset allocation.

However, there are major differences between these four funds.

- Only the Savings Pool is federally insured, up to \$100,000 per account.
- The performance of the Savings Pool or Hartford Money Market Fund is **more** rapidly affected by a change in interest rates.
- The performance of the VALIC or Dwight is **less** rapidly affected by a change in interest rates.
- Transfers from VALIC or Dwight to a cash or stable value fund must first be transferred to and held in a bond or equity fund for at least 90 days (refer to the *Savings Plus Investment Guide* for specific restrictions).

*To better understand these four investment choices, refer to the **Investment Guide** you will be receiving this month. Also, you can find links to the fund providers on the **Savings Plus Web site**, under **Forms and Publications**, **Links to Fund Providers**.*



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Borrowing From Your SPP 401(k) and 457 Accounts

Beginning April 1, 2003, you can borrow from your 457 as well as your 401(k) account. Loans from 401(k) accounts have been available since 2000. If you're considering borrowing from your account, be sure to review the "Loan Fact Sheet" available on our Web site (www.sppforu.com) or through our automated phone system (toll free 1-866-566-4777).

Two types of loans are available, as described in the chart below.

Types of Loans Permitted:	General Purpose and Primary Residence
Maximum Loan Period:	General Purpose: 5 years Primary Residence: 15 years
Maximum Number of Loans:	Two outstanding loans allowed per plan: one must be General Purpose, the other Primary Residence.
Minimum Loan Amount:	\$5,000
Maximum Loan Amount:	The lesser of (i) 50% of your account balances <i>less</i> your outstanding loan balances from all State-sponsored plans on the date of distribution, or (ii) \$50,000 <i>less</i> your highest outstanding loan balances from all State-sponsored plans within the last 12 months.

If you have a Personal Choice Retirement Account (PCRA), you can only take a loan from your core account. You must transfer funds from your PCRA to your core account if these funds are needed for the loan. The loan is taken pro-rata from all investments in your core account.

To request a loan, call 1-866-566-4777 (toll free) and follow the "model a loan" prompts on the voice response system, or log on to your account on our Web site and select "loan modeling." For a General Purpose Loan, you'll receive the check in the mail after you initiate the loan. For a Primary Residence Loan, you'll be mailed a loan package. After you complete and return the required documents, the check will be mailed to you. A \$50 loan initiation fee is deducted from each loan issued.

Ticker Symbols and VRS Fund Codes

The VRS requires a 4-digit code for an investment option you want to inquire about or change. This list of fund codes is current as of December 2002.

Fund	Ticker	Code
Open Funds:		
Accessor Small to Mid-Cap Advisors	ASMCX	..2240
American Funds Growth Fund of America	AGTHX	..2484
CalPERS S&P 500 Equity Index Fund2750
Domini Social Equity	DSEFX	..2802
Dwight Asset Management (GIC)2810
Federated Stock Trust	FSTKX	..3445
Franklin Balance Sheet Investment	FRBSX	..7817
Gartmore Investor Destination (ID) Options:		
ID Conservative Service Class9719
ID Moderately Conservative Service Class9720
ID Moderate Service Class9721
ID Moderate Aggressive Service Class9722
ID Aggressive Service Class9723
Glenmede Ins International/PIA	GTHIX	..4350
Hartford Advisers HLS	HADAX	..4250
Hartford Stock HLS	HSTAX	..4252
Janus Twenty	JAVLX	..5270
Savings Pool2230
T Rowe Price Mid-Cap Growth	RPMGX	..7736
VALIC Fixed Interest Option8965
Vanguard GNMA Admiral Shares	VFIJX	..8240
Vanguard Total Bond Market Index Inst	VBPIX	..8261
Vanguard US Growth Admiral Shares	VWUAX	..8954
Variable Annuity Hartford Sub Accounts:		
American Century Income & Growth4237
Franklin Small-Mid Cap Growth4239
Hartford Bond HLS4233
Hartford Capital Appreciation HLS4238
Hartford Index HLS4234
Hartford Money Market HLS4231
Hartford Mortgage Securities HLS4232
Janus Adviser International4240
Janus Balanced4230
MFS Capital Opportunities4235
MFS Mass Investors Growth Stock4236
Self Directed Option:		
Schwab PCRA7272
Closed Funds (Exchanges Out Only):		
CalPERS US Intermediate2752
CalPERS US Short Term2751
American General Fixed Account Annuity4301
American General Variable Annuity		
Valic Stock Index Fund4307
Nationwide Fixed Annuity9769
Nationwide Variable Annuity Investment Sub Accounts:		
Gartmore Nationwide Fund9800
Putnam Investors Fund9802
Seligman Growth Fund9803

Note: Ticker symbols are not provided for investments which are not publicly traded mutual funds.

Raise SPP Deferrals: Pay Lower Taxes

The April 15 tax-filing deadline may have you wondering how to keep more of that money instead of paying it to Uncle Sam. One excellent way to do that is to raise your monthly contribution to Savings Plus.

All income you put into your SPP account(s) is non-taxable until you withdraw it. By the time you begin to withdraw your funds, normally during retirement, you'll probably be in a lower tax bracket. So putting this money away for retirement also saves you money on taxes today.

The amount you're allowed to contribute to a 401(k) and/or 457 plan has gone up. For tax year 2003, the limit is \$12,000 per plan, for a grand total of \$24,000 if you're enrolled in both plans. If your annual salary is \$50,000, and you contribute \$12,000 to your SPP account, you'll only be taxed on \$38,000 of your income. To see how your contributions affect take-home pay, use the payroll calculator on our Web site. (Go to www.sppforu.com, click on Planning Tools, then Take Home Pay Calculator.)

It's your responsibility to ensure you don't "over-defer," which means exceeding the annual contribution limits. Over-deferring can have adverse tax consequences. To find out more about contribution limits, refer to the 3rd Quarter's 2002 *NewsLine* or the *Getting Started in Savings Plus* handbook.

Revised Handbooks Explain Investing and SPP Rules

In April you will receive a special mailing from Savings Plus. Please read and familiarize yourself with the information included in the newly revised *Getting Started in Savings Plus* handbook, updated *Investment Guide*, and the revised *Guide to the Voice Response System (VRS)* brochure.

These publications explain new program features and changes resulting from reforms in state and federal pension law that affect your account. They replace the equivalent publications SPP previously issued. The handbooks also are available at the SPP Web site and may be ordered by calling us toll free at 1-866-566-4777.

Are Your Investments Properly Diversified?

Do you need help understanding investment options? Do you know how much you'll need for those important retirement years ahead? Let Direct Access help.

The Savings Plus recordkeeper, Nationwide Retirement Solutions, provides Direct Access Retirement Specialists to help you understand how to build assets and reach your retirement goals. The professionals at Nationwide can offer information about retirement planning and discuss the benefits of pre-tax investing.

Specialists are available to serve you from 8:30 a.m. to 4 p.m. (PT) Monday through Friday. Quick, accurate, and reliable service is just a phone call away.

Call Direct Access toll free at 1-800-686-9104 to:

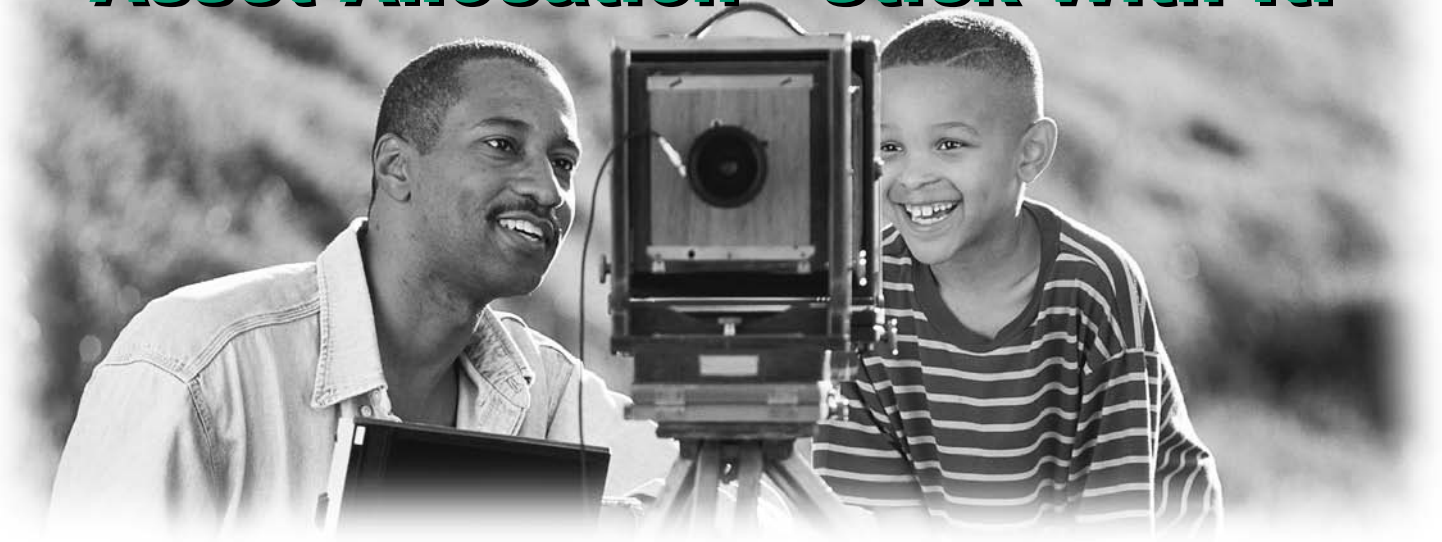
- Review your retirement goals
- Develop an asset allocation model
- Better understand the investments available to you in Savings Plus

Remember - Anytime is a good time to begin saving for retirement with Savings Plus!

SPP Revises VRS Ticker Symbols/Fund Codes Chart

We changed the layout on the VRS Fund Code chart (see page 2). The changes are consistent with what's printed in the *Guide to the Voice Response System* brochure, which we are mailing to you in April. Use this chart when inquiring about an investment option or changing options via the VRS. The VRS is available 24 hours a day, 7 days a week (toll free 1-866-566-4777).

Asset Allocation - Stick With It!



For most people, the time to think about major shifts in asset allocation is when life changes are involved, not market changes.

A “bear” market, like the one we’ve experienced the past few years, can make people feel very uncomfortable about their investments. Under such conditions, many investors have a natural tendency to want to change their portfolio, to “do something.”

However, a change in market conditions should not be the reason for restructuring your investment portfolio. Once you develop an asset allocation strategy, you need to stick with it. Staying with your asset allocation strategy over long periods will help you overcome the bumps and turns of the market.

For most people, the time to think about major shifts in asset allocation is when life changes are involved, not market changes. These life changes include such things as marriage, the birth of a child, a major change to your financial condition (an increase or decrease of net worth), and nearing retirement. However, you need to monitor and periodically rebalance your assets to ensure your investments continue to reflect your financial objectives.

Bear market or bull market, an appropriate asset allocation plan will help you through it.



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